

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



FILED

12/02/21
01:14 PM

Order Instituting Rulemaking to Revisit Net
Energy Metering Tariffs Pursuant to Decision
D.16-01-044, and to Address Other Issues
Related to Net Energy Metering.

R.20-08-020

**REPORT OF *EX PARTE* COMMUNICATION
BY WALMART INC.**

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Counsel to
WALMART INC.

December 2, 2021

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OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Revisit Net
Energy Metering Tariffs Pursuant to Decision
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**REPORT OF *EX PARTE* COMMUNICATION
BY WALMART INC.**

Pursuant to Rules 8.2 and 8.2(c)(2) of the California Public Utilities Commission Rules of Practice and Procedure, Walmart Inc. (“Walmart”) hereby reports that it had a Webex meeting with Kerry Fleisher, Energy Advisor, Maria Sotero, Energy Advisor and Brian Korpics, Erica Petrofsky and Chris Westling, all of the office of Commissioner Martha Guzman Aceves, on Tuesday, November 30, 2021, at approximately 9:30 a.m. The meeting lasted approximately fifteen minutes and focused on a discussion regarding the net energy metering proceeding, and the utilities' proposal to assess a Grid Benefits Charge on commercial and industrial customers. Attending the meeting for Walmart were Steve Chriss, Walmart Director, Energy Services, and Alex Kronauer, Walmart Sr. Manager, Energy Services.

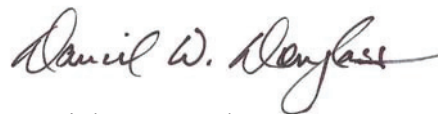
Mr. Chriss first provided background information on Walmart’s presence in California. Walmart operates 311 retail units, 14 distribution centers, employs over 99,000 associates in California and in the fiscal year ending 2021, Walmart purchased \$26.7 billion worth of goods and services from California-based suppliers, supporting over 301,000 supplier jobs. Since 2007, Walmart has deployed over 170 BTM solar facilities, over 50 BTM fuel cell generators, and one BTM wind resource on our facilities in California.

Mr. Chriss explained that the Lookback Study Total Resource Cost test results show that NEM 2.0 is cost-effective for all utility non-residential customer segments, which all have ratios above 1.0. The Lookback Study cost of service results in fact show that the utilities are over-recovering their costs of service from non-residential NEM 2.0 customers and that non-residential NEM 2.0 customers are subsidizing other customers by approximately \$118 million per year.

Importantly, the proposed non-residential Grid Benefits Charge would add very significant annual costs to solar ownership and result in significant clawbacks of the economic value of solar to non-residential customers. Mr. Chriss concluded that in the case of Walmart, it could impact future behind the meter solar investments. Mr. Chriss concluded the meeting by strongly recommending that the non-residential Grid Benefits Charge should be rejected.

Subsequent to the meeting, Daniel Douglass, counsel to Walmart, emailed to Ms. Fleisher the attached presentation summarizing Walmart's positions.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Daniel W. Douglass", with a stylized, flowing script.

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WALMART INC.

December 2, 2021

From: Daniel Douglass
Sent: Tuesday, November 30, 2021, 6:54 PM
To: kerry.fleisher@cpuc.ca.gov
Subject: R.20-08-020 – Today's Ex Parte with Walmart

Hi Kerry,

Attached are the slides that summarize Walmart's presentation in the ex parte meeting today. Please share this with the other attendees from your office.

Thanks,

Dan



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R.20-08-020 Net Energy Metering
Ex Parte Meeting Presentation
Walmart Inc.
November 30, 2021

Walmart in California

- Walmart operates 311 retail units, 14 distribution centers and employs over 99,000 associates in California
- In fiscal year ending 2021, Walmart purchased \$26.7 billion worth of goods and services from California-based suppliers, supporting over 301,000 supplier jobs
- Walmart has long had aggressive and significant company-wide renewable energy goals, which include: (1) to be supplied 100 percent by renewable energy by 2035; and (2) zero carbon emissions in operations, including transportation fleet vehicles, without the use of offsets, by 2040.
- Since 2007, Walmart has deployed over 170 BTM solar facilities, over 50 BTM fuel cell generators, and one BTM wind resource on our facilities in California.

NEM Proceeding

- To date, the NEM proceeding has been primarily focused on residential NEM issues
- Walmart takes no position as to what successor NEM tariff should be adopted for residential customers
- **Walmart is concerned solely with issues pertaining to the Joint Utilities' proposals affecting non-residential customers, particularly the Grid Benefits Charge proposal, which Walmart recommends should be rejected in its entirety**
 - The Joint IOUs propose to establish the Grid Benefits Charge as a \$/kW-month charge assessed on installed capacity to recover transmission, distribution, generation capacity, non-bypassable charges, and “other costs” that allegedly are not otherwise recovered through fixed or demand charges
 - The Grid Benefits Charge is a blunt and imprecise instrument that fails in its application to appropriately reflect the costs and benefits of BTM resource deployment, ensure equity among customers and ensure that customer-sited distributed generation will continue to grow sustainably for non-residential customers

Non-residential Solar is Currently Cost-Effective for Participants and the Utility

- In the context of the Lookback Study, the Total Resource Cost test measures the net costs of NEM 2.0 as a resource option based on the total costs of the program, which includes both the participant's and the utility's costs
- A ratio above 1.0 means that the program is cost-effective for both the participant and the utility, and a ratio below 1.0 means that the program is not cost-effective
- The Lookback Study Total Resource Cost test results show that NEM 2.0 is cost-effective for non-residential customer segments, which all have ratios above 1.0

Summary of Lookback Study TRC Results for Non-Residential Customer Segments.		
Utility	Customer Segment	TRC Result
PG&E	Agriculture	1.19
	Commercial	1.12
	Industrial	1.17
SCE	Agriculture	1.43
	Commercial	1.35
	Industrial	1.34
SDG&E	Agriculture	1.25
	Commercial	1.18
	Industrial	1.21
Source: Lookback Study, Table 5-3, page 80.		

Concerns Regarding the Grid Benefits Charge for Non-Residential Customers

- **There has been no showing that the Grid Benefits Charge is needed for non-residential customers**
 - The Lookback Study cost of service results show that the utilities are over-recovering their costs of service from non-residential NEM 2.0 customers
 - The Lookback Study shows that non-residential NEM 2.0 customers are subsidizing other customers by approximately \$118 million per year
 - The proposed Grid Benefits Charge would continue and even exacerbate this over-recovery from non-residential customers
- **The proposed Grid Benefits Charges would add very significant annual costs to solar ownership and result in significant clawbacks of the economic value of solar to non-residential customers**
 - For a 500 kW non-residential solar system:
 - SDG&E Proposed GBC (AL-TOU) = $\$10.38/\text{kW-month} \times 500 \text{ kW} \times 12 \text{ months} = \text{\$62,280/year additional cost}$
 - PG&E Proposed GBC (B-19S) = $\$8.68/\text{kW-month} \times 500 \text{ kW} \times 12 \text{ months} = \text{\$52,080/year additional cost}$
 - SCE Proposed GBC (TOU-8-SEC) = $\$7.24/\text{kW-month} \times 500 \text{ kW} \times 12 \text{ months} = \text{\$43,440/year additional cost}$
 - Updating Exhibit SWC-2 for the Joint Utilities charges in their testimony shows that the proposed GBCs would clawback approximately 60% of the value of avoided energy rates for non-residential customers, on top of the \$118 million these customers already overpay relative to utility costs of service per the Lookback Study

Conclusion

- **The record shows that:**
 - Non-residential NEM 2.0 customers already pay more than their cost of service
 - The Total Resource Cost test for non-residential customer segments shows that the NEM 2.0 programs are cost-effective for both participants and utilities
 - The Utilities' proposed Grid Benefits Charges will add significant costs to non-residential solar deployments, and clawback approximately 60 percent of energy rate benefits, on top of the \$118 million of over-payment as shown in the Lookback Study
 - The non-residential Grid Benefits Charges should be rejected